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1 is required to file and pay certain tax liabilities to the Department, including individual income  
2 taxes. *See* A.R.S. §§ 43-301, 43-501.

3 3. Additionally, Debtor owns or owned a limited liability company known as Green Fuel  
4 Technologies and is doing or did business as Green Fuel Technologies (“Debtor's Business”).  
5 Upon information and belief, Debtor's Business is or was required to file and pay certain tax  
6 liabilities to the Department, including TPT and/or WTH taxes. Failure of the Debtor to remit  
7 to the Department monies collected for TPT and WTH taxes may create responsible party  
8 penalties being assessed against the Debtor personally pursuant to A.R.S. §§ 42-5028, 43-435.  
9

10 4. The Department filed a proof of claim establishing a priority claim in the amount of  
11 \$11,925.89, and a general unsecured claim in the amount of \$1,708.96. A true and accurate  
12 copy of the Department’s Original Proof of Claim (“Claim”) dated April 30, 2018 is No. 2-1  
13 on the Court’s Claims Register. In addition, the Department’s Claim indicates that the  
14 Debtor has failed to file the tax returns indicated below (“Outstanding Returns”):  
15

<u>Income</u>	2017
<u>TPT</u>	October 2009, June 2016 through March 2018
<u>WTH</u>	2nd, 3rd and 4th Quarter 2010

16 5. As indicated in the Department’s Claim, the Debtor has failed to file all tax returns as  
17 required by 11 U.S.C. § 1308. Failure of the Debtor to file the Outstanding Returns constitutes  
18 cause to convert or dismiss the case. *See* 11 U.S.C. § 1307(e), Local Rule of Bankruptcy  
19 Procedure 2084-5. Moreover, the Plan cannot be confirmed until such time that the Debtor files  
20 the Outstanding Returns. 11 U.S.C. § 1325(a)(9). Signed, dated, and non-redacted copies of  
21 the returns may be sent to michelle.schlosser@azag.gov, which the Department will accept as  
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1 filed on the date that they are received by the Attorney General's Office.

2 6. The Department's Claim is entitled to priority treatment pursuant to 11 U.S.C.  
3 § 507(a)(8)(A). The Plan is required to provide payment in full of all priority claims, unless  
4 the claimant agrees otherwise. 11 U.S.C. § 1322(a)(2). Here, the Department has not agreed to  
5 different treatment than what Section 1322 requires and the Plan does not provide for the full  
6 payment of the Department's priority claim. Therefore, the Plan cannot be confirmed. 11  
7 U.S.C. § 1325(a)(1).

8  
9 7. Upon the filing of the petition for relief, the  
10 Debtor became a debtor in possession and is acting as a trustee with limited powers. 11 U.S.C.  
11 §§1303, 1306(b). *See also In re DiSalvo*, 219 F.3d 1035, 1039 (9th Cir. 2000); *In re Cohen*,  
12 305 B.R. 886, 897 (B.A.P. 9th Cir. 2004). As such, the Debtor is required to "manage and  
13 operate property in his possession" "according to the laws to the state in which property is  
14 located." 28 U.S.C. §§959(b) and 960. The Debtor is the sole member of Debtor's Business,  
15 which under Arizona law has a duty and a requirement to prepare and timely file TPT returns  
16 showing the amount that the Debtor's Business is liable for and to timely remit all amounts  
17 owed to the Department. A.R.S. §§42-5014(G), 43-401. Therefore, pursuant to 28 U.S.C.  
18 §§959(b) and 960, the Debtor also has this duty and requirement while in bankruptcy. To the  
19 extent that Debtor's Business, by way of Debtor, does not timely file all postpetition TPT  
20 returns and timely pay all postpetition liabilities owing to the Department, the Department  
21 conditionally objects to confirmation. 11 U.S.C. § 1325(a)(1).

22  
23 8. The Department reserves the right to amend, supplement, or withdraw its objection to  
24 confirmation.  
25  
26



1 ORIGINAL of the foregoing filed electronically this 6th day of June, 2018 with:

2 United States Bankruptcy Court  
3 Phoenix Division  
4 230 North First Avenue, Suite 101  
Phoenix, AZ 85003

5 COPY of the foregoing sent for mailing or by email\* this 6th day of June, 2018 to:

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13 service@maney13trustee.com  
14 *Chapter 13 Trustee*

15  
16 /s/ Michelle Schlosser  
17 7070823/BCE18-01223  
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